

MINUTES
FORT MYERS BEACH
AUDIT COMMITTEE
Newton Park
4650 Estero Boulevard
Fort Myers Beach, FL 33931

Monday, April 13, 2015

I. CALL TO ORDER

Meeting was called to order at 9:00 a.m. by Chair Rodwell. Members present: Dick Cote, Daniel Hughes, Edward Lombard, James Rodwell, and James Steele.

Council Liaison: Rexann Hosafros

Staff Liaison: Lisa Kolar and Maureen Rischitelli.

II. PLEDGE OF ALLEGIANCE

III. PUBLIC COMMENT

No public comment.

IV. APPROVAL OF MINUTES of March 9, 2015

Minutes to be revised.

V. CURRENT ITEMS

- A. Audit Report presentation - Wade Sansbury and Jennifer Ruffino-Cook, Mauldin & Jenkins, LLC

Mr. Cote requested clarification regarding revenue categories. Mr. Sansbury clarified.

Mr. Hughes questioned the reference to an aggregate remaining fund. Mr. Sansbury explained opinion units and nonmajor funds.

Mr. Steele commented on the decrease in the governmental funds balance. He questioned the deficit in the stormwater utility fund. Mr. Sansbury replied that the stormwater system was a newly created system and the majority of the expenditures were for current year capital outlay, which would allow the Town to build up the system to be able to make those user charges in the future. Mr. Steele commented that it appeared that the Town had not used the new investment policy. He questioned unrestricted cash and net capital asset balances. Mr. Sansbury stated that he would research the net position, but the cash position had been confirmed, reconciled and tested. Mr. Steele questioned whether the under billing issue at Red Coconut was material. Mr. Sansbury indicated that, since Town Council didn't adjust rates until December, it should be a 2015 item to be corrected.

Mr. Sansbury referred to the Schedule of Findings and Responses and he noted that one material weakness stemmed from the fact that there were some material journal entries that had to be made as part of the audit process. He discussed journal entries and the

Uniform Accounting System Manual. Ms. Rischitelli indicated that the codes had been corrected to match the Florida Statute. Mr. Sansbury reviewed the Independent Auditor's Management letter and the Investment Compliance letter.

Mr. Lombard asked Mr. Sansbury if changes made to address the material weakness fixed the problem. Mr. Sansbury replied that he thought so, and he recommended monitoring journal entries on a month-to-month basis.

Chair Rodwell stated that the contract with Mauldin & Jenkins expired and the Audit Committee would conduct an evaluation at their next meeting. He confirmed with Ms. Rischitelli that items were now done on a monthly basis.

Mr. Steele questioned whether the report would be amended with assets for the water utility. Ms. Rischitelli indicated that she would follow up with them.

MOTION: Mr. Cote moved to forward the Independent Auditor's Report to Town Council with a possible update to the water utility fund balances; second by Mr. Steele.

VOTE: Motion passed unanimously.

Mr. Cote questioned Ms. Rischitelli concerning the status of the accounting system. Ms. Rischitelli replied that she would have a report by the next meeting.

B. Stormwater Assessment Program

Mr. Steele pointed out that Mr. Baker proposed that Town Council implement the program in April or May of 2015. (Mr. Steele asked a question that was inaudible due to background noise.) Chair Rodwell felt that Council should schedule a joint work session. Mr. Steele felt that a \$25.60 charge per month for stormwater was excessive. He stated that if the Charter was changed to issue revenue debt for more than three years, the increase would be lower. Chair Rodwell noted that nothing could be done until March of next year. Discussion was held on the role of the Audit Committee concerning the stormwater assessment program. Mr. Steele questioned whether the state would loan the Town money before creating the stormwater utility. Ms. Rischitelli responded that available revenues would cover the cost. Discussion was held concerning revenues and debt.

What would
be the role of
the Audit
Committee in
the Stormwater
Assessment
process.

MOTION: Mr. Hughes moved that the Audit Committee recommend that Council move forward with the stormwater project and request a work session to be held with the consultants GSG and the Audit Committee to consider funding alternatives; second by Mr. Cote.

Discussion was held on the intent of the motion. Mr. Hughes withdrew his motion. Chair Rodwell stated that he would request a work session with Council.

C. Debt Management Policies and Procedures

The committee reviewed and made corrections and additions to the draft management policy. Chair Rodwell will revise the draft accordingly.

MOTION: Mr. Cote moved to approve the policy as revised; second by Mr. Steele.

(Mr. Cote said something about Council making revisions and sending it back to Audit for additional revisions but, due to background noises, I couldn't tell if he amended his motion or if he was just thinking out loud.)

VOTE: Motion passed unanimously.

D. Other Possible Revenue Sources

Chair Rodwell revealed that he had not received a response from Mr. Shenko regarding special districts. Mr. Hughes commented that the Charter Review Committee concluded that there were no independent special districts and Mr. Shenko's email was irrelevant. Discussion was held regarding special districts.

VI. MEMBER ITEMS AND REPORTS

Mr. Cote revealed that he would not be in town for the April 11, 2015 meeting. He will forward his comments concerning the audit to Ms. Kolar.

VII. SET AGENDA FOR NEXT MEETING - Monday, April 11, 2015

Evaluate the auditor, delete debt management and add RFP.

VIII. PUBLIC COMMENT

No public comment.

IX. ADJOURNMENT

MOTION: Mr. Lombard moved to adjourn; second by Mr. Hughes.

VOTE: Motion passed unanimously.

Meeting adjourned at 11:01 a.m.

Adopted 5/11/2015 with/without changes. Motion by Ed Lombard, 2nd for Stale
(DATE)

Vote: 4-0 Signature: James B. Rodwell

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Q 1 He questioned unrestricted cash and net capital asset balances on page 23 for the water utility and handed out his analysis that showed the net capital assets were understated by about \$2.5 million and unrestricted cash was overstated by about \$2.5 million. (replacement sentence)

Q 2 Mr. Steele ask Mr. Sansbury if he was aware of the Red Coconut underbilling for water usage in the amount of about \$105,000. He responded that he was not aware of the issue. (insert sentence)

Q 3 Mr. Steele also ask if the auditors reviewed minutes of the Audit Committee. The response was that the minutes were not reviewed. Mr. Steele stated they should and they would have been aware of the Red Coconut underbilling. (add sentence)

9/30/14 Water Fund Assets & Liabilities (page 23)

This is an attempt to reconcile net cash position
and net capital assets.

Assets	Cash	3,198,037
	Net of receivables & payables (1)	-112,607
	Restricted cash	<u>502,619</u>
	Total Cash	3,588,049

Capital assets - nondepreciable	2,522,935
Capital assets - depreciable	<u>2,721,057</u>
Total	5,243,992

Net capital asset should be net of debt	5,243,992
Debt	<u>1,800,000</u>
Net Capital asset	3,443,992

Net Position should be	Net capital asset	3,443,992
	Unrestricted cash (2)	<u>3,283,333</u>
	Net Position	6,727,325

(1)	Receivables	887,072	
	Due other funds	18,877	
	Due from other gov.	<u>41,077</u>	
	Total		947,026

Accounts payable	864,065	
Customer refunds payable	11,827	
Due other gov.	165,838	
Accrued interest payable	<u>17,903</u>	
Total		<u>1,059,633</u>
Net receivable		-112,607

(2)	Total cash	3,588,049	
	Customer deposits	<u>304,716</u>	
	Unrestricted cash		3,283,333